

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

UNITED STATES OF AMERICA	:	CRIMINAL NO. 07-
v.	:	DATE FILED:
CRAIG J. SCHER	:	VIOLATIONS:
JAMES BELL, JR.	:	18 U.S.C. § 1956(h) (money laundering
MICHAEL SINKO	:	conspiracy - 1 count)
	:	18 U.S.C. § 1956(a)(3)(B) (money
	:	laundering - 2 counts)
	:	18 U.S.C. § 215(a)(2) (bank bribery -
	:	3 counts)
	:	18 U.S.C. § 2 (aiding and abetting)
	:	18 U.S.C. § 982 (criminal forfeiture)

INDICTMENT

COUNT ONE

(MONEY LAUNDERING CONSPIRACY)

THE GRAND JURY CHARGES THAT:

At all times material to this indictment:

1. Defendant CRAIG J. SCHER was the Regional President of NOVA Savings Bank (“NSB”), the deposits of which were insured by the Federal Deposit Insurance Corporation. Defendant SCHER’s responsibilities included initiating and managing NSB’s portfolio of commercial and residential loans. Defendant SCHER had authority to approve loans of up to \$1,000,000.
2. Defendant JAMES BELL, JR. was a real estate developer and owner of Ocean Development, LLC in New Jersey.
3. Defendant MICHAEL SINKO was a licensed practicing attorney in New Jersey and Pennsylvania, and outside counsel for NOVA Savings Bank. Defendant SINKO

owned and operated Hand Development, LLC, an entity formed to develop a tract of land into a six-unit condominium project in Wildwood, NJ.

4. From in or about October 2004 to in or about December 2005, in the Eastern District of Pennsylvania, and elsewhere, defendants

**CRAIG J. SCHER,
JAMES BELL, JR., and
MICHAEL SINKO**

conspired and agreed together to knowingly conduct and attempt to conduct financial transactions affecting interstate commerce, which involved property represented by a law enforcement officer and a person acting under the direction of an authorized law enforcement officer to be the proceeds of a specified unlawful activity, that is mail fraud, in violation of Title 18, United States Code, Section 1341, with the intent to conceal and disguise the nature, location, source, ownership, and control of property believed to be the proceeds of the specified unlawful activity, in violation of Title 18, United States Code, Section 1956(a)(3)(B).

MANNER AND MEANS

It was part of the conspiracy that:

5. Defendants CRAIG J. SCHER, JAMES BELL, JR., and MICHAEL SINKO agreed to help launder \$100,000 in cash for a person that they believed to be a businessman who had defrauded his employer, used the U.S. mails to further the fraud scheme, and sought to conceal the proceeds of this fraud.

6. Defendants CRAIG J. SCHER, JAMES BELL, JR., and MICHAEL SINKO agreed to sell a condominium at the New Jersey shore to this businessman, who actually was an undercover agent (“UCA”) of the Federal Bureau of Investigation, and to falsely represent

on the agreement of sale that the purchase price was \$100,000 less than the actual purchase price, thereby hiding the \$100,000 in cash proceeds of a fraud.

7. Defendant CRAIG J. SCHER authorized a loan from NSB for the UCA to purchase the condominium.

8. Defendants CRAIG J. SCHER and MICHAEL SINKO accepted payments totaling \$30,000 in cash from the UCA toward the \$100,000 in cash that was to be laundered as part of the purchase of the condominium.

9. Defendants CRAIG J. SCHER, JAMES BELL, JR. and MICHAEL SINKO agreed to share the proceeds from the sale of the condominium, which included the \$100,000 in laundered cash, and to conceal the interest of defendant SCHER because of his position at the bank.

OVERT ACTS

In furtherance of the conspiracy, defendants CRAIG J. SCHER, JAMES BELL, JR., and MICHAEL SINKO committed the following overt acts in the Eastern District of Pennsylvania and elsewhere:

1. On or about October 28, 2004, defendant CRAIG J. SCHER encouraged the UCA to conceal money that defendant SCHER believed had been obtained by fraud by investing the money in a Hand Avenue, Wildwood, NJ condominium project which was being constructed by defendant JAMES BELL, JR. and financed by defendant MICHAEL SINKO.

2. On or about November 9, 2004, defendant JAMES BELL, JR. provided the UCA details about the Hand Avenue condominium project, explaining that defendant CRAIG J. SCHER had utilized his signature authority at NSB to override the bank's loan procedures so

that defendant MICHAEL SINKO could obtain financing for the project. Defendant BELL also told the UCA that he was sharing the proceeds from the sale of the condominiums with defendants SCHER and SINKO.

3. On or about January 4, 2005, defendant MICHAEL SINKO told the UCA that defendant CRAIG J. SCHER had made him aware of the details involving the UCA's purchase of a Hand Avenue condominium. Defendant SINKO said that he would prepare a sales agreement in which the purchase price would be falsely represented to be less than the actual price.

4. On or about January 12, 2005, defendant CRAIG J. SCHER told the UCA that "the best way to handle the cash is to let Mike [defendant MICHAEL SINKO] handle it."

5. On or about March 19, 2005, after learning from the UCA that the cash represented the proceeds of a mail fraud scheme, defendant CRAIG J. SCHER told the UCA that "all of us are on the same page" and that defendant MICHAEL SINKO was the "ideal guy" to handle this situation.

6. On or about June 6, 2005, defendants CRAIG J. SCHER and MICHAEL SINKO had a meeting with the UCA, during which defendant SCHER explained the purpose of the meeting by stating to defendant SINKO "as you and I already talked [this] is to facilitate for him [the UCA] to be able to move some of the sale off of the paper." Defendant SCHER further explained that he "thought we'd get together tonight to talk and make sure everybody's on the same page." Defendants SCHER and SINKO agreed to draft an agreement of sale for a unit in the Hand Avenue, Wildwood, NJ condominium project in which the purchase price would be falsely represented to be \$100,000 less than the actual purchase price.

7. On or about July 24, 2005, defendant CRAIG J. SCHER met the UCA and discussed the laundering of \$100,000 in cash. Defendant SCHER told the UCA that “the fewer the people that know, the less chance that we’ll have problems on this.”

8. On or about September 29, 2005, defendants CRAIG J. SCHER and MICHAEL SINKO met the UCA to receive \$15,000 in cash representing the first installment payment towards the \$100,000 in cash that was to be laundered. When the UCA asked who was to receive the money, defendant SCHER motioned to defendant SINKO, who took the money and said it would go into “a box.” Defendants SCHER and SINKO said that nobody would know about the transaction.

9. On or about October 3, 2005, after being told that the UCA had fraudulently obtained the cash that he was using to purchase the condominium, defendant MICHAEL SINKO said “that’s another reason why the fewer people [who] know, the better.”

10. On or about November 8, 2005, defendant CRAIG J. SCHER accepted a second cash installment payment of \$15,000 from the UCA and said that he would give the cash to defendant MICHAEL SINKO to be placed in defendant SINKO’s safe.

11. On or about November 18, 2005, defendant MICHAEL SINKO told the UCA that defendant CRAIG J. SCHER had given him the \$15,000 that defendant SCHER had received from the UCA on November 8, 2005 and that defendant SINKO had placed the cash into a safe at defendant SINKO’s home.

All in violation of Title 18, United States Code, Section 1956(h).

COUNT TWO

(MONEY LAUNDERING)

THE GRAND JURY FURTHER CHARGES THAT:

1. The allegations set forth in paragraphs 1 through 3 and 5 through 9 and overt acts paragraphs 1 through 11 of Count One are realleged here.

2. On or about September 29, 2005, in the Eastern District of Pennsylvania, and elsewhere, defendants

**CRAIG J. SCHER,
JAMES BELL, JR., and
MICHAEL SINKO**

knowingly conducted and attempted to conduct, and aided, abetted, and willfully caused, a financial transaction affecting interstate commerce, involving property, that is, \$15,000 in U.S. currency, represented by a law enforcement officer and a person acting under the direction of an authorized law enforcement officer to be proceeds of specified unlawful activity, that is, mail fraud, in violation of Title 18, United States Code, Section 1341, with the intent to conceal and disguise the nature, location, source, ownership, and control of such property believed to be proceeds of specified unlawful activity.

In violation of Title 18, United States Code, Sections 1956(a)(3)(B) and 2.

COUNT THREE

(MONEY LAUNDERING)

THE GRAND JURY FURTHER CHARGES THAT:

1. The allegations set forth in paragraphs 1, 2, 3, and 5 through 9 and overt acts paragraphs 1 through 11 of Count One are realleged here.

2. On or about November 8, 2005, in the Eastern District of Pennsylvania, and elsewhere, defendants

**CRAIG J. SCHER,
JAMES BELL, JR., and
MICHAEL SINKO**

knowingly conducted and attempted to conduct, and aided, abetted, and willfully caused, a financial transaction affecting interstate commerce, involving property, that is, \$15,000 in U.S. currency, represented by a law enforcement officer and a person acting under the direction of an authorized law enforcement officer to be proceeds of specified unlawful activity, that is, mail fraud, in violation of Title 18, United States Code, Section 1341, with the intent to conceal and disguise the nature, location, source, ownership, and control of such property believed to be proceeds of specified unlawful activity.

In violation of Title 18, United States Code, Sections 1956(a)(3)(B) and 2.

COUNT FOUR
(BANK BRIBERY)

THE GRAND JURY FURTHER CHARGES THAT:

1. The allegations set forth in paragraphs 1 and 2 of Count One are realleged here.

2. On or about April 1, 2004, after being told by a cooperating witness (“CW”) that a friend, an undercover agent (“UCA”) of the Federal Bureau of Investigation, was looking for financing for a condominium at the New Jersey shore, defendant CRAIG J. SCHER and James Bell, Jr. agreed to arrange the financing with Nova Savings Bank (“NSB”) for a fee of “five points.”

3. On or about June 9, 2004, defendant CRAIG J. SCHER reduced the “points” that he and James Bell, Jr. wanted for arranging the financing from “five points” to “three points” and told the CW to tell the UCA to “hit him with three off, and we’ll charge him no points from the bank.” In addition, defendant SCHER told the CW that the points had to be paid in cash to James Bell, Jr.

4. On or about August 16, 2004, defendant CRAIG J. SCHER provided the UCA with an NSB loan application and defendant SCHER and James Bell, Jr. accepted \$6,000 in cash from the UCA.

5. From on or about April 1, 2004, to on or about August 16, 2004, in the Eastern District of Pennsylvania, and elsewhere, defendant

CRAIG J. SCHER,

being an officer and employee of NOVA Savings Bank, a financial institution, corruptly solicited and accepted something of value for his benefit and that of James Bell, Jr., that is, \$6,000 in cash, intending to be influenced and rewarded in connection with a transaction of NOVA Savings Bank.

In violation of Title 18, United States Code, Section 215(a)(2).

COUNT FIVE

(AIDING AND ABETTING BANK BRIBERY)

THE GRAND JURY FURTHER CHARGES THAT:

1. The allegations set forth in paragraphs 1 and 2 of Count One and 2 through 4 of Count Four are realleged here.

2. From on or about April 1, 2004, to on or about August 16, 2004, in the Eastern District of Pennsylvania, and elsewhere, defendant

JAMES BELL, JR.

aided, abetted, and willfully caused the corrupt solicitation by Craig J. Scher, an officer and employee of NOVA Savings Bank, a financial institution, and accepted something of value for his benefit and that of Scher, that is, \$6,000 in cash, intending for Scher to be influenced and rewarded in connection with a transaction of NOVA Savings Bank.

In violation of Title 18, United States Code, Sections 215(a)(2) and 2.

COUNT SIX

(BANK BRIBERY)

THE GRAND JURY FURTHER CHARGES THAT:

1. The allegations set forth in paragraph 1 of Count One are realleged here.
2. Defendant CRAIG J. SCHER assisted Donald Dougherty, Jr., charged elsewhere, in obtaining the following loans from Nova Savings Bank at a time when Dougherty had a low-credit score and was offering his creditors settlement on outstanding debts: a \$735,000 loan in February 2003 for property located on South 25th Street, Sea Isle City, NJ; a \$475,000 loan in June 2003 for Donald Dougherty to finance the construction and furnishing of his personal residence; a \$675,000 loan in December 2003; a \$300,000 loan in June 2004 for Donald Dougherty to finance commercial property; a \$500,000 line of credit in October 2004; and, a \$2,700,000 loan in October 2005 for the construction of eight townhouses.
3. Beginning in or about November 2003 and continuing to August 2005, defendant CRAIG J. SCHER accepted electrical and other home improvement work, valued at approximately \$9,476.74, at no charge from Donald Dougherty.
4. In or about January 2005, defendant CRAIG J. SCHER accepted four Super Bowl tickets and weekend accommodations in a three-bedroom condominium in Amelia Island, Florida, valued at approximately \$8,535.64, at no charge from Donald Dougherty.
5. From in or about November 2003, to in or about August 2005, in the Eastern District of Pennsylvania, and elsewhere, defendant

CRAIG J. SCHER,

being an officer and employee of NOVA Savings Bank, a financial institution, corruptly solicited and accepted something of value, that is, goods and services totaling approximately \$18,012.38, intending to be influenced and rewarded in connection with the business of NOVA Savings Bank.

In violation of Title 18, United States Code, Section 215(a)(2).

FIRST NOTICE OF FORFEITURE

THE GRAND JURY FURTHER CHARGES THAT:

1. As a result of the violations of Title 18, United States Code, Section 1956, set forth in this indictment in Counts One, Two, and Three, defendants

**CRAIG J. SCHER,
JAMES BELL, JR., and
MICHAEL SINKO**

shall forfeit to the United States of America any and all property involved in such offenses, and any property traceable to such property, including, but not limited to, the sum of \$30,000 (recovered by the FBI on or about February 24, 2006).

2. If any of the property subject to forfeiture, as a result of any act or omission of the defendants:

- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third party;
- (c) has been placed beyond the jurisdiction of the Court;
- (d) has been substantially diminished in value; or
- (e) has been commingled with other property which cannot be divided

without difficulty;

it is the intent of the United States, pursuant to Title 18, United States Code, Section 982(b), incorporating Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendants up to the value of the property subject to forfeiture.

All pursuant to Title 18, United States Code, Section 982.

SECOND NOTICE OF FORFEITURE

THE GRAND JURY FURTHER CHARGES THAT:

1. As a result of the violations of Title 18, United States Code, Section 215(a)(2), as set forth in Counts Four and Five of this indictment, defendants

**CRAIG J. SCHER and
JAMES BELL, JR.**

shall forfeit to the United States of America any property that constitutes or is derived from proceeds obtained directly or indirectly, as a result of the commission of such offenses, including, but not limited to:

2. The sum of \$6,000 obtained in the bank bribery offense charged in Counts Four and Five.

3. If any of the property subject to forfeiture, as a result of any act or omission of the defendants:

- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third party;
- (c) has been placed beyond the jurisdiction of the Court;
- (d) has been substantially diminished in value; or

it is the intent of the United States, pursuant to Title 18, United States Code, Section 982(b), incorporating Title 21, United States Code, Section 853(p), to seek forfeiture of any other

property of the defendants up to the value of the property subject to forfeiture.

All pursuant to Title 18, United States Code, Section 982(a)(2).

THIRD NOTICE OF FORFEITURE

THE GRAND JURY FURTHER CHARGES THAT:

1. As a result of the violations of Title 18, United States Code, Section 215(a)(2), as set forth in Count Six of this indictment, defendant

CRAIG J. SCHER

shall forfeit to the United States of America any property that constitutes or is derived from proceeds obtained directly or indirectly, as a result of the commission of such offenses, including, but not limited to:

(a) The sum of \$9,476.74, representing the value of the electrical and home improvement work, as charged in Count Six.

(b) The sum of \$8,535.64, representing the value of the four Super Bowl tickets and accommodations in Amelia Island, Florida, as charged in Count Six.

2. If any of the property subject to forfeiture, as a result of any act or omission of the defendant:

- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third party;
- (c) has been placed beyond the jurisdiction of the Court;
- (d) has been substantially diminished in value; or

it is the intent of the United States, pursuant to Title 18, United States Code, Section 982(b), incorporating Title 21, United States Code, Section 853(p), to seek forfeiture of any other

property of the defendant up to the value of the property subject to forfeiture.

All pursuant to Title 18, United States Code, Section 982(a)(2).

A TRUE BILL:

GRAND JURY FOREPERSON

**PATRICK L. MEEHAN
UNITED STATES ATTORNEY**